
Introduced by Senator Galgiani

February 20, 2013

An act to amend Section 19556 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

SB 398, as introduced, Galgiani. Horse racing: charity days.

Existing law requires each licensed racing association to designate a certain number of racing days to be conducted as charity days, and requires the net proceeds from those charity days to be distributed to beneficiaries who meet certain qualifications. Existing law also requires distributions to be made to certain nonprofit corporations and organizations, and requires that at least 20% of the distributions go to charities associated with the horse racing industry.

This bill, in addition to those required distributions, would authorize a separate distribution to be made to a nonprofit corporation or trust that has as its sole purpose the support of recognized fairs or the network of California fairs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19556 of the Business and Professions
- 2 Code is amended to read:
- 3 19556. (a) The distribution shall be made by the distributing
- 4 agent to beneficiaries qualified under this article. For the purposes
- 5 of this article, a beneficiary shall be all of the following:

1 (1) A nonprofit corporation or organization entitled by law to
2 receive a distribution made by a distributing agent.

3 (2) Exempt or entitled to an exemption from taxes measured by
4 income imposed by this state and the United States.

5 (3) Engaged in charitable, benevolent, civic, religious,
6 educational, or veterans' work similar to that of agencies
7 recognized by an organized community chest in the State of
8 California, except that the funds so distributed may be used by the
9 beneficiary for capital expenditures.

10 (4) Approved by the board.

11 (b) At least 20 percent of the distribution shall be made to
12 charities associated with the horse racing industry. In addition to
13 this 20 percent of the distribution, another 5 percent of the
14 distribution shall be paid to a welfare fund described in subdivision
15 (b) of Section 19641 and another 5 percent of the distribution shall
16 be paid to a nonprofit corporation, the primary purpose of which
17 is to assist horsemen and backstretch personnel who are being
18 affected adversely as a result of alcohol or substance abuse. No
19 beneficiary otherwise qualified under this section to receive charity
20 day net proceeds shall be excluded on the basis that the beneficiary
21 provides charitable benefits to persons connected with the care,
22 training, and running of racehorses, except that type of beneficiary
23 shall make an accounting to the board within one calendar year of
24 the date of receipt of any distribution.

25 (c) (1) In addition to the distribution pursuant to subdivision
26 (b), a separate 20 percent of the distribution shall be made to a
27 nonprofit corporation or trust, the directors or trustees of which
28 shall serve without compensation except for reimbursement for
29 reasonable expenses, and which has as its sole purpose the
30 accumulation of endowment funds, the income on which shall be
31 distributed to qualified disabled jockeys.

32 (2) To receive a distribution under this subdivision, a corporation
33 or trust must establish objective qualifications for disabled jockeys,
34 and provide an annual accounting and report to the board on its
35 activities indicating compliance with the requirements of this
36 subdivision.

37 (3) The nonprofit corporation or trust shall, in an amount
38 proportional to the contributions received pursuant to this
39 subdivision as a percentage of the total contributions received by

1 the corporation or trust, give preference in assisting qualified
2 disabled jockeys to the following:

3 (A) Jockeys who were disabled while participating in the racing
4 or training of horses at licensed racing associations or approved
5 training facilities in California.

6 (B) Jockeys licensed by the board who were disabled while
7 participating in the racing or training of horses in a state other than
8 California.

9 (d) When the nonprofit corporation or trust described in
10 subdivision (c) has received distributions in an amount equal to
11 two million dollars (\$2,000,000), the distribution mandated by
12 subdivision (c) shall cease.

13 (e) *In addition to the distributions pursuant to subdivisions (b)*
14 *and (c), a separate distribution may be made to a nonprofit*
15 *corporation or trust that has as its sole purpose the support of*
16 *recognized fairs or the network of California fairs.*